Global Hemp Group Inc.

Condensed Interim Financial Statements

Three and Six Months Ended March 31, 2018

Unaudited

Expressed in Canadian Dollars

GLOBAL HEMP GROUP INC.
Condensed Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2018 (unaudited)	September 30, 2017
		$	$
Assets			
Current assets			
Cash	**5**	2,039,596	40,455
GST receivable		16,612	13,784
		2,056,208	54,239
Equipment	**6 & 12(d)**	21,035	–
TOTAL ASSETS		2,077,243	54,239
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**4**	229,349	244,211
Note payable	**10**	25,698	24,597
Due to related parties	**7**	11,518	379,244
Total liabilities		266,565	648,052
Shareholders' Equity			
Share capital	**8**	6,045,109	3,423,935
Reserve		1,779,556	1,862,956
Deficit		(6,013,987)	(5,880,704)
		1,810,678	(593,813)
Total liabilities and shareholders' equity		2,077,243	54,239

The accompanying notes are an integrated part to the financial statements

Approved and authorized for issuance by the Board of Directors on May 25, 2018

"Curt Huber"
Director

"Charles Larsen"
Director

GLOBAL HEMP GROUP INC.
Condensed Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended March 31, 2018	Three months ended March 31, 2017	Six months ended March 31, 2018	Six months ended March 31, 2017
		$	$	$	$
Expenses					
Advertising and promotion		26	–	26	165
Interest	**10**	711	3,876	1,311	8,293
Consulting	**7**	16,687	17,770	65,964	18,206
Office and administration		2,895	3	2,827	70
Professional fees		5,839	1,857	22,610	3,357
Research & Development		3,130	–	6,291	–
Shareholder communication		26,884	–	30,662	–
Travel		12,495	–	13,304	173
Trust and filing fees		5,235	2,871	9,246	8,897
Utilities		1,160	–	1,160	–
Loss before other items:		(75,062)	(26,377)	(153,401)	(39,161)
Exchange gain (loss)		17,740	1,218	18,340	(902)
Interest income		1,778	–	1,778	–
Net and comprehensive loss		(55,544)	(25,159)	(133,283)	(40,063)
Loss per share, basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of outstanding shares		170,217,293	140,700,324	163,271,505	146,437,028

The accompanying notes are an integrated part to the financial statements

GLOBAL HEMP GROUP INC.

Condensed statements of changes in stockholders' equity

(Unaudited - Expressed in Canadian dollars except for number of shares)

		Share Capital		Reserve		
	Note	Number	Amount	Share-based payment reserve	Deficit	Shareholders' equity
			$	$	$	$
Balance, September 30, 2016		142,604,146	3,093,107	1,497,850	(5,067,186)	(476,229)
Conversion of convertible debentures into common shares		2,435,616	85,247	–	–	85,247
Shares issuance on private placement		4,119,350	123,581	–	–	123,581
Net loss		–	–	–	(40,063)	(40,063)
Balance, March 31, 2017		149,159,112	3,301,935	1,497,850	(5,107,249)	(307,464)
Balance, September 30, 2017		152,643,844	3,423,935	1,862,956	(5,880,704)	(593,813)
Shares issuance on private placement net of share issuance costs	**8**	12,500,000	1,498,636	–	–	1,498,636
Share issuance on exercise of options	**8**	2,000,000	155,000	–	–	155,000
Reallocation of fair value of options exercised			83,400	(83,400)	–	–
Shares issuance on exercise of warrants	**8**	13,982,750	884,138	–	–	884,138
Net loss		–	–	–	(133,283)	(133,283)
Balance, March 31, 2018		181,126,594	6,045,109	1,779,556	(6,013,987)	1,810,678

The accompanying notes are an integrated part to the financial statements

GLOBAL HEMP GROUP INC.
Condensed Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended March 31, 2018	2017
Cash (used in) provided by:	$	$
Operating activities		
Loss for the period	(133,283)	(40,063)
Non-cash items		
Unrealized foreign exchange loss	(18,340)	300
Interest accrual	1,101	8,221
Changes in non-cash operating working capital		
GST receivables and prepayments	(2,828)	7,791
Accounts payable and accrued liabilities	(14,862)	(33,370)
Due to related parties	(367,726)	(1,587)
Cash used in operating activities	(535,938)	(58,708)
Financing activites		
Proceeds from common shares issuance	2,537,774	123,581
Cash provided by financing activities	2,537,774	123,581
Investing activities		
Purchase of equipment	(21,035)	–
Cash used in investing activities	(21,035)	–
Effect of foreign exchange	18,340	–
Change in cash	1,999,141	64,873
Cash, beginning of the period	40,455	563
Cash, end of the period	2,039,596	65,436

The accompanying notes are an integrated part to the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Hemp Group (the "Company") was incorporated on October 30, 2009 in British Columbia, Canada. The Company's principal activity is focused on a multi-phased strategy to build a strong presence in the industrial hemp industry in both Canada and the United States.

The Company's office is located at #106 – 1169 Mt. Seymour Road, North Vancouver, BC, V7H 2Y4. The Company's common shares are traded on Canadian Securities Exchange (CSE) under the symbol "GHG", on Boerse-Frankfurt Exchange under the symbol "GHG", and on the U.S. OTC Markets under the symbol "GBHPF".

These condensed financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with debt and or private placements of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements for three and six months ended March 31, 2018, together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2017. These condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements for the year ended September 30, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. These condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

(Expressed in Canadian Dollars)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

New Accounting standards issued but not yet applied

At the date of the approval of the condensed financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's condensed financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	September 30, 2017
	$	$
Trade payables	221,802	230,711
Accrued liabilities	1,500	13,500
	223,302	**244,211**

5. CASH AND CASH EQUIVALENTS

	March 31, 2018	September 30, 2017
	$	$
Bank demand deposits	1,037,818	40,455
Short-term investments	1,001,778	-
	2,039,596	**40,455**

6. EQUIPMENT

During the three and six months ended March 31, 2018, the Company acquired certain greenhouse equipment in the amount of $21,035 ($NIL – Three and six months ended March 31, 2017). No amortization was recorded as the equipment was acquired near the end of the current period and not ready for use at March 31, 2018.

7. RELATED PARTY TRANSACTIONS

Key Management Compensation:

	Nature of transactions	**Six months ended March 31,** 2018	2017
		$	$
Directors	Consulting fees	55,277	-

As at March 31, 2018, $4,913 (September 30, 2017-$122,685) was owing to the CEO of the Company.

As at March 31, 2018, $5,818 (September 30, 2017-$128,882) was owing to the CFO of the Company.

As at March 31, 2018, $788 (September 30, 2017-$127,677) was owing to a director of the Company.

8. CAPITAL STOCK

Authorized
Unlimited number of common shares and Class B preferred shares without par value.

Issued and outstanding
On November 21, 2017, 813,000 share purchase warrants were exercised and 813,000 common shares were issued for gross proceeds of $40,650.

On November 27, 2017, 4,887,000 share purchase warrants were exercised and 4,887,000 common shares were issued for gross proceeds of $429,350.

On November 29, 2017, 1,539,985 share purchase warrants were exercised and 1,539,985 common shares were issued for gross proceeds of $76,999.

On November 30, 2017, 2,499,985 share purchase warrants were exercised and 2,499,985 common shares were issued for gross proceeds of $124,999.

On December 6, 2017, 500,000 share purchase warrants were exercised and 500,000 common shares were issued for gross proceeds of $25,000.

On January 9, 2018, 1,100,000 share purchase options were exercised and 1,100,000 common shares were issued for gross proceeds of $110,000.

On January 9, 2018, 28,541 share purchase warrants were exercised and 28,541 common shares were issued for gross proceeds of $1,427.

On January 15, 2018, 100,000 share purchase options were exercised and 100,000 common shares were issued for gross proceeds of $5,000.

On January 18, 2018, 2,571,390 share purchase warrants were exercised and 2,571,390 common shares were issued for gross proceeds of $128,570.

On January 29, 2018, 400,000 share purchase options were exercised and 400,000 common shares were issued for gross proceeds of $20,000.

On February 7, 2018, 1,142,849 share purchase warrants were exercised and 1,142,849 common shares were issued for gross proceeds of $57,142.

On March 7, 2018, 12,500,000 units were issued from a non-brokered private placement resulting in 12,500,000 shares were issued for gross proceeds of $1,500,000. Each unit includes one share purchase warrant with an exercise price of $0.15 with an expiry date on March 1, 2023.

On March 14, 2018, 400,000 share purchase options were exercised and 400,000 common shares were issued for gross proceeds of $20,000.

(Expressed in Canadian Dollars)

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2017	16,470,205	$0.09	1.40
Granted	12,500,000	$0.15	4.92
Exercised	(13,982,750)	$0.06	
Balance, March 31, 2018	**14,987,455**	**$0.14**	**4.59**

As at March 31, 2018, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
August 7, 2014	July 31, 2019	$0.10	968,105
February 28, 2017	February 28, 2022	$0.05	1,519,350
March 7, 2018	March 7, 2023	$0.15	12,500,000
			14,987,455

A continuity of the Company's options is as follows:

	Options	Weighted average exercise price	Weighted average number years to expiry
Balance, September 30, 2017	15,150,000	0.07	2.43
Exercised	(2,000,000)	0.08	
Balance, March 31, 2018	**13,150,000**	**0.07**	**2.43**

As at March 31, 2018, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
April 7, 2014	April 7, 2019	$0.10	4,100,000	4,100,000
January 15, 2015	January 15, 2019	$0.10	1,200,000	1,200,000
September 20, 2017	September 20, 2021	$0.05	7,600,000	7,600,000
September 20, 2017	September 20, 2019	$0.05	250,000	250,000
			13,150,000	**13,150,000**

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	March 31, 2018	September 30, 2017
	$	$
Loans and receivables:		
Cash	2,039,596	40,455

Financial liabilities included in the statements of financial position are as follows:

	March 31, 2018	September 30, 2017
	$	$
Non-derivative financial liabilities:		
Trade payables	221,802	230,711
Due to related parties	11,519	379,244
Note payable	25,698	24,597
	259,019	**634,552**

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instrument classified as Level 1 includes cash only.

10. NOTE PAYABLE

On December 1, 2014, the Company converted $18,355 of its accounts payable owing to a company ("Lender"), controlled by the relative of a former director, into a promissory note. This promissory note is payable on demand and bears interest of 12% per annum. The promissory note is secured by a general and continuing collateral security in favor of the Lender. As of March 31, 2018, the Company has a balance payable of $25,698 (September 30, 2017 - $24,597). For the six months ended March 31, 2018, the Company recorded $1,101 (Six months ended March 31, 2017 - $3,305) of interest on the note payable.

11. NEW BRUNSWICK HEMP PROJECT JOINT VENTURE (the "New Brunswick Project")

On August 31, 2017, the Company entered into a Joint Venture with Marijuana Company of America, Inc. ("MCOA"), a corporation listed on the U.S. OTC, to develop an industrial hemp project in the province of New Brunswick, Canada (the "Project"). MCOA, is a California based cannabis and hemp research and development company, whose business includes the marketing and distribution of hemp-based consumer wellness products.

The Project has been staged into three phrases. The first phase of the Project involves hemp cultivation and research trials supported by laboratory testing. MCOA committed to share 50% of the costs to achieve the initiatives of the first phase. As of March 31, 2018, the Company has incurred costs-to-date related to the first phase in the amount of $27,442 (September 30, 2017 - $22,836) and MCOA advanced $13,500 for funding these costs against budgeted costs of $ 27,000.

With a successful first phase completed in 2017, GHG and MCOA (the "Partners") have decided to proceed forward with the project. The second phase currently underway, will expand to commercial cultivation of 125 acres and include a larger number of varieties. The third and final phase of the project, to be implemented upon successful completion of this second phase, involves full agricultural and industrial deployment of the project, known as the Hemp Agr-Industrial Zone or HAIZ. Under this final phase, hemp cultivation is expected to be increased to over 1,000 acres over three years.

12. SCIO OREGON USA JOINT VENTURE HEMP PROJECT (the "Scio Project")

a) Incorporation of 41389 Farms Ltd.

On March 23, 2018, 41389 Farms Ltd. ("41389 Farms") was incorporated as an Oregon Corporation with shareholdings as follows: 50.0% equity interest held by the Company and 50.0% equity interest held by MCOA. MCOA and the Company have a common director on their boards.

b) Acquisition of 109 Acres of Prime Agricultural Property for Hemp CBD Production in Scio of the State of Oregon (the "Scio Property")

On April 30, 2018, 41389 Farms acquired the Scio Property for US$1,100,000. The terms of the acquisition include a cash down payment of US$130,000 and the issuance of 2,100,000 common shares in the share capital of the Company valued at US$275,000 which were issued and delivered to the vendor of the property on May 10, 2018.

The Partners are each contributing one half of the cash consideration for the down payment purposes, or the amount of US$65,000. MCOA is also contributing a cash payment equal to one-half of the value of the Company's stock consideration, or the amount of US$137,500, that will be paid from the expected profits to be produced from the project during the first year of operations. The Company's common shares issued pursuant to the Acquisition Agreement are considered to be issued on a private placement basis, according to the Canadian Security Exchange Policy 6. Such common shares are subject to a customary one (1) year hold period pursuant to the provisions of Rule 144 of the Securities Act of 1933. The balance, the amount of US$695,000, is on a promissory note ("the Note") issued to the current owner of the Property, which matures on May 1, 2021. Interest on the Note is set at 4.0% per annum, adjustable on the first day of October each year, based on the closing interest rate of the Ten-Year U.S. Treasury Note on September 30th, plus 1.15%. The Note calls for monthly payments of US$7,036.54 beginning as of June 1, 2018, and a final payment of the remaining balance on May 1, 2021.

c) Scio Oregon USA Joint Venture Agreement

Subsequent to the current reporting period on May 8, 2018, the Company and MCOA (the "Partners) entered into a Joint Venture Agreement for the development of the Scio Project (the "JV Agreement"). Pursuant to the terms of the JV Agreement, the Partners will jointly invest a total of US$1.2 million in the development of the Scio Project in 2018. Funding for the Project will be done on a 50/50 basis. Covered Bridge Acres Ltd. (the "JV Entity") was incorporated under the laws of the state of Oregon, USA on April 19, 2018 and is jointly owned with the initial equity interest in the JV Entity as follows:

42.5% equity interest held by the Company, 42.5% equity interest held by MCOA and 15% equity interest held by TTO Enterprises Ltd. ("TTO") as project manager.

The Company has sufficient capital on hand to fund their share of the Joint Venture for 2018, as a result of the private placement completed on March 7, 2018 for gross proceeds of $1,500,000 and MCOA is in the process of advancing their share for the investment. The Partners have engaged TTO to manage the Project. TTO will serve as Project and Farm Manager and will be responsible for the entire Scio operation as well as provide consulting services to the Partners' 125-acre joint venture farm operations in New Brunswick, Canada. TTO's expertise includes genetics development, selection and management, planting and harvest scheduling, clone management, field preparation, field set and field management strategies. For managing the Project, TTO will earn a 15% equity interest in the Project. The Partners have the right to exchange 10% of TTO's initial equity 15%interest for common shares and share purchase warrants of both of the Partners, based on specific milestones being met, as more fully described below.

Upon planting of 20,000 clones at the farm (the "First Milestone"), one third (5.0%) of TTO's initial interest in the JV Entity will be acquired by the Company and MCOA in exchange for 250,000 common shares of the Company and 250,000 common share purchase warrants of the Company's exercisable at a price of USD$0.12 for a period of five years to be issued to TTO, along with 1,000,000 common shares of MCOA and 1,000,000 common share purchase warrants of MCOA exercisable at a price of USD$0.03 for a period of five years to be issued to TTO. Upon reaching the First Milestone, TTO's ownership in the JV Entity will then be reduced to 10%.

Upon the JV Entity's Earnings before interests, taxes, depreciation and amortization ("EBITDA") reaching US$1,000,000 in a calendar year (the "Second Milestone"), an additional one third (5%) of TTO's initial interest in the JV Entity will be acquired by the Company and MCOA in exchange for 250,000 common shares of the Company and 250,000 common share purchase warrants of the Company's exercisable at USD$0.12 for a period of five years to be issued to TTO, along with 1,000,000 common shares of MCOA and 1,000,000 common share purchase warrants exercisable at USD$0.03 for a period of five years to be issued to TTO. Following reaching of the Second Milestone, TTO's ownership in the JV Entity will be reduced to 5.0%.

Pursuant to the terms of the Agreement, common shares and common share purchase warrants of both the Company and MCOA are being deposited in escrow at a price per share of USD$0.12 for the Company and USD$0.03 MCOA for this purpose.

In addition, the Partners are setting up a second escrow of common shares and share purchase warrants to incentivize TTO for the successful development and maximization of shareholder value in the Project (the "Second Escrow"). Pursuant to the terms of the Agreement, the Partners are depositing to escrow as follows: The Company - 2,500,000 common shares of the Company at a deemed price of $0.20 and 2,500,000 common share purchase warrants exercisable at a deemed price of $0.36 per common share for a period of three years, and MCOA - 11,000,000 common shares at a deemed price of USD$0.046 per common share and 11,000,000 common share purchase warrants exercisable at a price of USD$0.083 per common share for a period of three years. Fifty percent (50%) of this Second Escrow will be earned by TTO upon the JV Entity generating US$1,000,000 EBITDA, and the final fifty percent (50%) will be earned by TTO upon the JV Entity generating US$2,000,000 EBITDA.

d) Expenditures incurred to-date

As at March 31, 2018, the Company incurred costs-to-date in the amount of $19,279 (September 30, 2017 - $NIL) which were charged to the profit and loss and capitalized expenditure of greenhouse equipment in the amount of $21,035 (September 30, 2017 - $NIL)